

Closing Georgia's skills gap through financial aid

BY MELISSA JOHNSON



Georgia has a middle skills gap. Most jobs in Georgia's labor market – 55 percent – are middle-skill jobs, which require more than a high school education but less than a four-year degree. Middle-skill jobs include paralegals, computer network support specialists, and dental hygienists. However, only 43 percent of Georgia workers are trained to the middle-skill level. This “skills gap” threatens the state's economic competitiveness now and in the future.

Producing more workers with associate's degrees in high-demand fields is particularly important to closing Georgia's middle-skills gap and helping the state's workers secure good jobs. Currently Georgia does not produce enough associate's degree graduates to meet employer demand. Between July 2016 and June 2017, Georgia produced about 19,000 associate's degree holders while there are nearly 34,000 job postings requiring an associate's degree.

Meanwhile Georgia's associate's degree students face significant financial need. Financial aid can help these students complete college but Georgia's largest and most well-known college financial aid program is not largely available to associate's degree students in need because of program limitations.

To help close its middle-skills gap by supporting more students in securing associate's degrees, Georgia should make two policy changes:

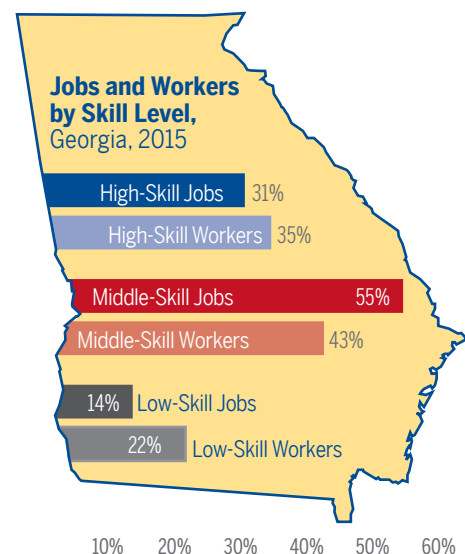
◆ **Extend the time to earn the HOPE scholarship.**

Associate's degree students who are more than seven years removed from high school graduation are ineligible for the HOPE scholarship. More than two in five of Georgia's associate's degree students are older than twenty-five, making them likely ineligible for this crucial form of financial aid that can help them complete their associate's degree and secure a well-paying job.

If all in-state associate's degree students over the age of twenty-five were otherwise eligible for HOPE, removing the seven-year time limit

A MIDDLE SKILL GAP

Middle-skill jobs account for 55 percent of Georgia's labor market, but only 43 percent of the state's workers are trained to the middle-skill level.



Source: NSC analysis of Bureau of Labor Statistics Occupational Employment Statistics by State, May 2015 and American Community Survey data, 2015.



could help 25,000 students. The estimated costs of this change is \$35 million, assuming average HOPE grant awards at state and technical colleges.¹

◆ **Expand HOPE Career Grants to include associate's degrees**

Georgia has established HOPE Career Grants to provide additional help to students pursuing technical certificates and diplomas in high-demand fields. Students must maintain a 2.0 GPA to qualify for the grant. The combination of the HOPE Grant and the HOPE Career Grant covers tuition for Georgians pursuing certificates and diplomas in targeted fields. However, associate's degree students in these in-demand HOPE Career Grant fields cannot access this financial aid. Allowing associate's degree students to access the HOPE Career Grant can help employers meet their most pressing needs for talent.

Expanding HOPE Career Grants to include associate's degrees in high-demand fields can help an estimated 7,000 technical college students at a cost of \$2.6 million. In the university system, this change can support up to 14,000 students at a cost of \$12.8 million.²

Economic imperative of closing Georgia's middle-skill gap

Most jobs in Georgia's labor market – 55 percent – are middle-skill jobs, which require more than a high school education but less than a four-year degree. Nearly 800,000 jobs in the state are thought to be “good jobs” that pay decent salaries without requiring a bachelor's degree.³ Middle-skill jobs include paralegals, computer network support specialists, and dental hygienists.⁴

However, only 43 percent of Georgia workers are trained to the middle-skill level. This “skills gap” threatens the state's economic competitiveness now and in the future. These jobs are not going away soon and are projected to grow. Between 2014-2024, 51 percent of Georgia's jobs will remain middle-skill.⁵

Georgia's leaders have recognized that the state needs more workers with education and training beyond high school. Governor Deal embraced the goal that 60 percent of Georgia's jobs will require some level of postsecondary education by 2025. To meet this goal, Georgia needs an additional 189,000 workers with some college education, an associate's degree, or a certificate.⁶

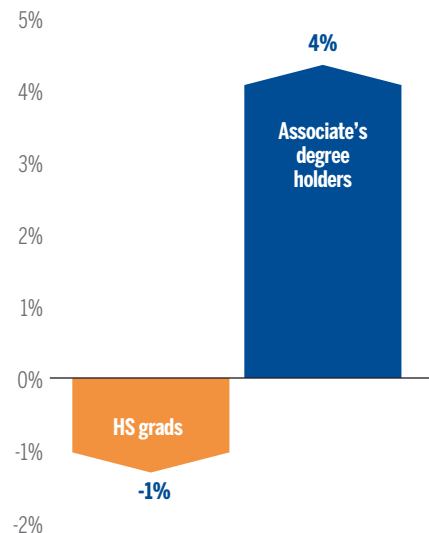
Associate's degree: An in-demand middle-skill credential

Having more workers with associate's degrees is particularly important for Georgia. More workers with associate's degrees not only helps Georgia to close its middle-skill gap, but also helps the state's workers secure good jobs. Though technical certificates and diplomas provide value in the marketplace and provide jobseekers with a huge advantage over people who may have only a high school diploma, associate's degree graduates earn even more money, on average, than holders of technical certificates.

Median earnings for associate's degree graduates in health degree professions five years after graduation is 80 percent higher, or \$19,172 more per year, than for graduates with technical certificates. In computer and information science, earnings are 32 percent higher, or \$8,435 more.⁷ Furthermore, among workers without a bachelor's degree, Georgia workers with associate's degrees have experienced the largest gains in good jobs since 1991.⁸

GROWTH IN “GOOD JOBS” TRENDING TOWARD ASSOCIATE'S DEGREE HOLDERS

Percentage point change in share of non-BA good jobs helds by Georgia workers at different education levels, 1991-2015

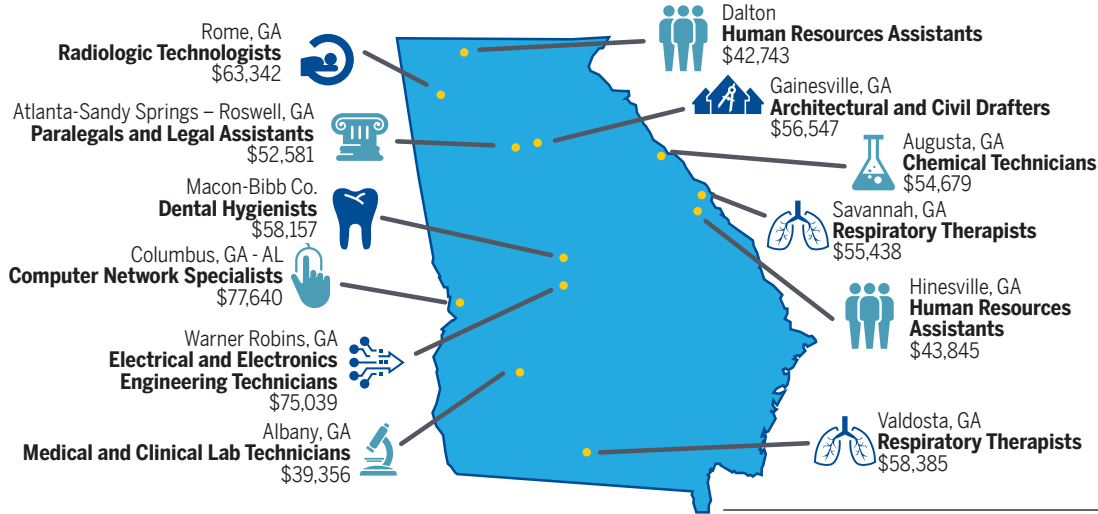


A “GOOD JOB” IS DEFINED AS ONE THAT PAYS:

- ◆ **\$35,000 per year** (\$17 per hour for a full-time job) for workers under age forty-five, and
- ◆ **\$45,000 per year** (\$22 per hour for a full-time job) for workers age forty-five and older.

Anthony Carnevale, Jeff Strohl, and Neil Ridley, *Good Jobs that Pay Without a BA: A State by State Analysis*, Georgetown Center on Education and the Workforce, 2017.

WELL-PAYING JOBS REQUIRING AN ASSOCIATE'S DEGREE EXIST THROUGHOUT GEORGIA



Source: Opportunity Occupations Monitor, Federal Reserve Bank of Atlanta.

Georgia's leaders have recognized that the state needs more workers with education and training beyond high school.

Associate's degrees are also required for a number of Georgia's "hot jobs" - jobs that have faster than state annual average job growth, above the state annual average wage, and have at least 400 annual openings. These jobs include dental hygienists and paralegals.⁹

Careers requiring associate's degrees are all over Georgia from Dalton to Valdosta. Median earnings for associate's degree holders in Georgia one year after graduation

are \$33,985,¹⁰ while annual median wages for these occupations can be as high as \$153,000.¹¹

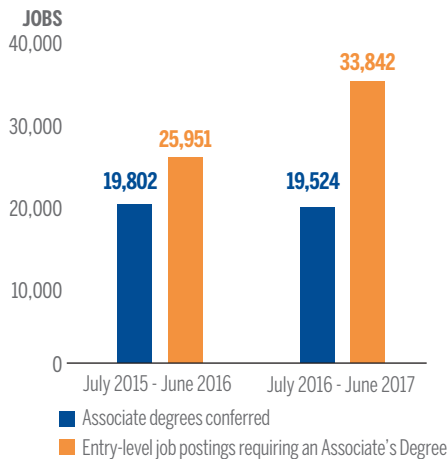
Georgia does not produce enough associate's degree graduates to meet employer demand

Despite the earning potential in associate's degrees, there are not enough Georgians graduating every year with associate's degrees. Between July 2016 and June 2017, Georgia produced about 19,000 associate's degree holders while there are nearly 34,000 job postings requiring an associate's degree.

These deficits in associate's degree holders leave many high-demand areas unfilled:

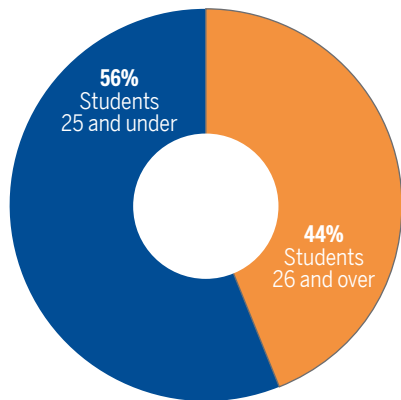
- ◆ In 2016, Georgia's employers needed 27,564 associate's degree graduates in Health Professions & Related Programs, while there were only 4,668 graduates in that field in the 2015-2016 school year.¹² Graduates in these fields are employed in "hot jobs" as dental hygienists, radiologic technologists, and respiratory therapists.
- ◆ In 2016, Georgia's employers needed 11,449 associate's degree graduates in Business, Management, Marketing & Related Support Services, while there were only 2,543 graduates in that field in the 2015-2016 school year.¹³

GEORGIA EMPLOYER DEMAND EXCEEDS ASSOCIATE DEGREE GRADUATES



Source: Metro Atlanta Chamber analysis of IPEDS database of Associate's Degrees Conferred in Georgia (all institutions) and Burning Glass Labor Insights 20180918 - Job postings requiring an Associate's Degree with 0-2 years' experience.

MORE THAN 2 IN 5 ASSOCIATE'S DEGREE STUDENTS ARE OLDER THAN 25



Source: AY2017 Associate's Degree Data from TCSG

Georgia's associate's degree students can help the state close its middle-skill gap

The Technical College System of Georgia (TCSG) awards most associate's degrees in Georgia. An associate's degree in Georgia requires completion of sixty to seventy-three credit hours¹⁴ – a goal students can reach in four semesters if they attend full-time and take a regular course load. Nearly 43,000 students were enrolled in associate's degree programs at TCSG in 2017.¹⁵ Georgia's state colleges – part of the university system – also award associate's degrees. Helping all associate's degree students complete college is integral to the state's efforts to close its middle-skill gap.

First, Georgia's associate's degree students are older, and the state needs more adult students to help close its middle-skills gap. Based on current trends, relying on high school students alone will be insufficient to meet employer demand. In 2016, 103,973 students graduated from all Georgia high schools, and about 65,500 of them enrolled in college after graduation.¹⁶ Meanwhile there are about 580,000 job openings each year,¹⁷ and about half of them require middle skills.¹⁸ Georgia will need older adult students to fill its middle skill gap. More than two in five associate's degree students are age twenty-six or older.

Georgia's associate's degree students are also racially diverse, reflecting current demographic trends in the state. By 2030, there will be no racial majority in Georgia.¹⁹ Because businesses will need to tap a pipeline of students seeking associate's degrees and other middle-skill credentials well into the future, that pipeline must be racially diverse.

Financial aid can help Georgia students complete associate's degrees.

Though Georgia's associate's degree students are primed to help the state close its middle-skill gap, a small minority of them graduate with their degrees within three years.²⁰ Significant financial need in the face of the high college costs and the pressure to work long hours to offset these costs present obstacles to graduating on time and filling in-demand positions.²¹

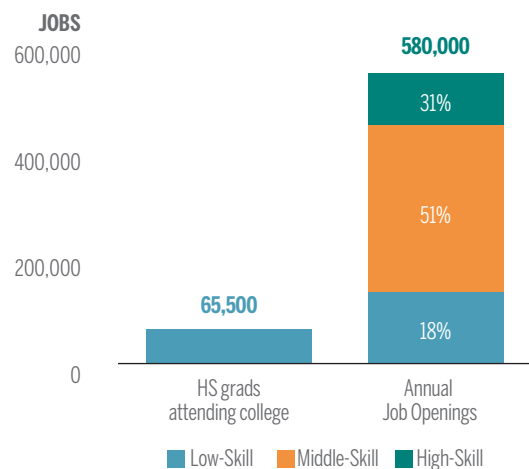
Georgia students have financial need

Most associate's degree students have financial need. Nearly three in five of Georgia's associate's degree students receive the federal Pell Grant – a needs-based aid subsidy aimed at offsetting the costs of higher education.²²

Even with federal aid, students at Georgia's technical colleges face average annual costs that can be more than \$10,000 per year.²³ This annual average cost includes tuition, fees, books and supplies, and living expenses. Georgia families spend, on average, nearly 13 percent of their annual income to cover educational expenses at a technical college.²⁴ This can be especially daunting considering that the average annual income for Georgians with only a high school education is about \$29,000 per year.²⁵

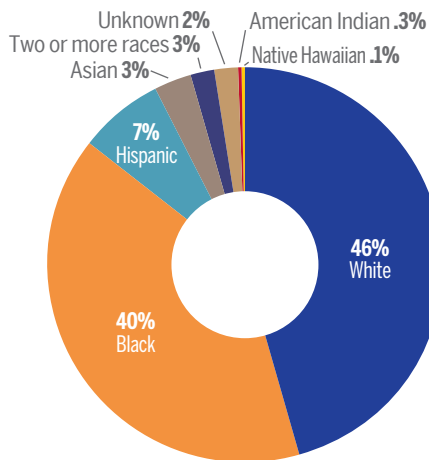
HOPE is Georgia's largest and most well-known college financial aid program but is not largely available to associate's degree students in need because of program limitations. HOPE scholarships are awarded to students in

THERE ARE NOT ENOUGH HIGH SCHOOL GRADS IN GEORGIA TO CLOSE THE MIDDLE-SKILL GAP.



Sources: Georgia Governor's Office of Student Achievement, National Skills Coalition, Georgia Labor Market Explorer

ASSOCIATE'S DEGREE STUDENTS ARE RACIALLY DIVERSE



Source: AY2017 Associate's Degree Data from TCSG

bachelor's and associate's degree programs. To earn the HOPE scholarship, students must earn a 3.0 high school grade point average and take four academically rigorous courses, such as advanced placement courses. The share of tuition covered by the HOPE scholarship varies by institution, but it typically covered about 90 percent of tuition in the 2018-2019 school year. Students must also earn the scholarships within seven years of graduating from high school. With all of these requirements, the HOPE scholarship reaches only 15 percent of associate's degree students in the state.²⁶

Many college students work, but financial aid can help students better balance work and school hours

Associate's degree students try to meet their financial needs by working. More than two-thirds – or 69 percent – of community college students nationally work while in college.²⁷ Community college students are more likely to work than students at four-year colleges, and more likely to work full time.²⁸

Financial aid can help students better balance work and school hours, which furthers their persistence. Two-thirds of financial aid recipients in one study stated that they would be “extremely or very likely” to enroll in more college credits if they received an additional \$3,000 in aid, and more than three-quarters of financial aid recipients say they would be “extremely or very likely” to spend more time studying or doing school-related academic activities.²⁹

Financial aid can help college students graduate

Only 22 percent of Georgia's associate's degree students who begin school *after having attended another institution* graduate with their degrees within 4.5 years.³⁰ Graduation rates for first-time students are even lower. The high cost of college and the pressure to work long hours to offset these costs are impediments to graduating on time.³¹

Financial aid can help Georgia's associate's degree students increase their graduation rates:

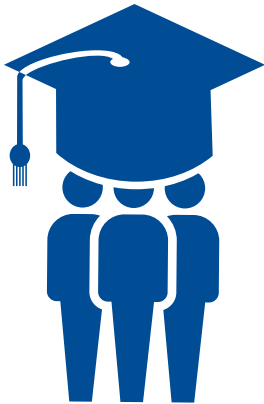
- ◆ State merit-based aid programs like Georgia's HOPE scholarship have been shown to decrease college dropout rates.³²
- ◆ Low-income students awarded scholarships increased their graduation rates by 3.3 percentage points, according to one study. Community college students were included in the study and scholarships ranged from a few hundred dollars to \$1,500, awarded on top of other financial aid.³³
- ◆ California community college students with low incomes who received larger amounts of financial aid in their first year graduated or transferred at higher rates than those who received less aid. Among students with no financial resources, nearly half of students who received at least \$7,501 in financial aid graduated or transferred compared to only 17 percent of students who received between \$1,001 and \$2,500 in financial aid.³⁴

Without financial aid, students may be left facing the option of borrowing money to pay tuition. Low-income students, however, are less likely to take out student loans, possibly because they have less access to people familiar with student loan options and feel underprepared to assume the risk of repaying a loan.³⁵ Perhaps more importantly, research suggests that student loans can have a negative impact on college persistence.³⁶

Two policy changes can help students secure associate's degrees and close Georgia's middle-skills gap

Georgia can grow the number of associate's degree graduates by expanding financial aid for associate's degree students: extending the time to earn the HOPE scholarship and expanding HOPE Career Grants to include associate's degrees. By taking these steps, the state can increase the completion rates and help close its middle-skill gap while giving more of its residents the chance to secure good jobs:

LOW GRADUATION RATES IN GEORGIA CONTRIBUTE TO THE STATE'S MIDDLE-SKILL GAP



First-time, Full-time Students

3% graduate within 3 years
9% graduate within 4.5 years
13% graduate within 6 years

Transfer Students

15% graduate within 3 years
22% graduate within 4.5 years
26% graduate within 6 years

Source: Complete College America, Data Dashboard

◆ Extend the time to earn the HOPE scholarship.

Associate's degree students who are more than seven years removed from high school graduation are ineligible for the HOPE scholarship. This time limit does not apply to students seeking a technical certificate or diploma from Georgia's technical colleges. More than two in five of Georgia's associate's degree students are older than twenty-five, making them likely ineligible for this crucial form of financial aid that can help them complete their associate's degree and secure a well-paying job.

If all in-state associate's degree students over the age of twenty-five were otherwise eligible for HOPE, removing the seven-year time limit could help 25,000 students. The estimated costs of this move is \$35 million, assuming average HOPE grant awards at state and technical colleges.³⁷

◆ Expand HOPE Career Grants to include associate's degrees.

Georgia has established HOPE Career Grants to provide additional help to students pursuing technical certificates and diplomas in high-demand fields. Students must maintain a 2.0 GPA to qualify for the grant. The combination of the HOPE Grant and the HOPE Career Grant covers tuition for Georgians pursuing certificates and diplomas in targeted fields. However, associate's degree students in these same fields cannot access this financial aid.

For example, a student pursuing a practical nursing diploma can receive the HOPE Career Grant that helps to cover her full tuition, but a student in a registered nursing associate's degree program cannot. That associate's degree student is unlikely to receive the HOPE scholarship, as only 15 percent of associate's degree students do.

Allowing associate's degree students to access the HOPE Career Grant can help employers meet their most pressing needs for talent. Health professions, as one illustration, have the biggest gap between employer need and graduates with nearly six job openings for every associate's degree graduate. Yet HOPE Career Grants do not support these degrees.³⁸

Expanding HOPE Career Grants to include associate's degrees in high-demand fields can help an estimated 7,000 technical college students at a cost of \$2.6 million. In the university system, this change can support up to 14,000 students at a cost of \$12.8 million.³⁹

Endnotes

- 1 <https://gbpi.org/2018/strengthen-georgias-workforce-making-college-affordable/>
- 2 <https://gbpi.org/2018/hope-career-grants-realizing-the-full-potential-of-targeted-workforce-investments/>
- 3 *Good Jobs that Pay Without a BA*, Georgetown Center on Education and the Workforce, Nov. 2017, P. 14
- 4 <https://www.frbatlanta.org/cweo/data-tools/opportunity-occupations-monitor>
- 5 <https://www.nationalskillscoalition.org/resources/publications/2017-middle-skills-fact-sheets/file/Georgia-MiddleSkills.pdf>
- 6 https://gbpi.org/2017/georgia-higher-education-data-book/#_ednref9
- 7 <https://gbpi.org/2018/strengthen-georgias-workforce-making-college-affordable/>
- 8 See p. 11 here: <https://goodjobsdata.org/wp-content/uploads/Good-Jobs-States.pdf> and <https://goodjobsdata.org/state/ga/>.
- 9 https://explorer.gdol.ga.gov/vosnet/mis/current/hot_careers_current.pdf
- 10 https://gosa.georgia.gov/sites/gosa.georgia.gov/files/related_files/site_page/GHLE%20Report.pdf
- 11 Median annual wage for an air traffic controller in the Atlanta metro area. <https://www.frbatlanta.org/cweo/data-tools/opportunity-occupations-monitor>
- 12 http://yourtalentyourfuture.org/wp-content/uploads/2017/11/2017_YTYF_Report_-_Final.pdf
- 13 http://yourtalentyourfuture.org/wp-content/uploads/2017/11/2017_YTYF_Report_-_Final.pdf
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- 15 Annual AY 2017 Enrollment Report. <https://kms.tcsgeorgia.edu/DPR/Reports-Research/SystemSum.aspx>
- 16 <https://hsgrad.gosa.ga.gov/>
- 17 Georgia Long-Term Occupational Projections, 2016 to 2026, <https://explorer.gdol.ga.gov/gsipub/index.asp?docid=389>.
- 18 NSC analysis of average annual occupational projections, Georgia Middle-Skill Jobs Fact Sheet, National Skills Coalition, <https://www.nationalskillscoalition.org/resources/publications/2017-middle-skills-fact-sheets/file/Georgia-MiddleSkills.pdf>
- 19 <http://nationalequityatlas.org/data-summaries/Georgia/>
- 20 <https://completecollege.org/data-dashboard/>
- 21 <https://cew.georgetown.edu/cew-reports/learnandearn/#full-report>
- 22 Data requested of TCSG by GBPI, June 2018.
- 23 https://collegescorecard.ed.gov/search/?degree=a&state=GA&control=public&sort=avg_net_price:asc&page=1.
- 24 Georgia College Affordability Profile 2017, Southern Regional Education Board, https://www.sreb.org/sites/main/files/file-attachments/ga_2017_afford_profile.pdf
- 25 American Community Survey, U.S. Census Bureau, 2017 1-yr estimates.
- 26 <https://gbpi.org/2018/get-answers-about-hope/>
- 27 <https://ccrc.tc.columbia.edu/Community-College-FAQs.html>
- 28 <https://trends.collegeboard.org/sites/default/files/trends-in-community-colleges-research-brief.pdf>
- 29 <https://ticas.org/content/pub/verge>
- 30 <https://completecollege.org/data-dashboard/>
- 31 <https://cew.georgetown.edu/cew-reports/learnandearn/#full-report>
- 32 <https://www2.ed.gov/PDFDocs/college-completion/08-financial-aid.pdf>
- 33 https://www.mdrc.org/sites/default/files/2016_Using_Financial_Aid_to_Speed_Degree_Completion_IFv2.pdf
- 34 https://ticas.org/sites/default/files/pub_files/acct_ticas_ccccc_aiding_students_2017.pdf
- 35 <https://cew.georgetown.edu/cew-reports/learnandearn/#full-report>
- 36 <https://www2.ed.gov/PDFDocs/college-completion/08-financial-aid.pdf>
- 37 <https://gbpi.org/2018/strengthen-georgias-workforce-making-college-affordable/>
- 38 <https://gbpi.org/2018/strengthen-georgias-workforce-making-college-affordable/>
- 39 <https://gbpi.org/2018/hope-career-grants-realizing-the-full-potential-of-targeted-workforce-investments/>



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